

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF LOUISIANA
LAFAYETTE-OPELOUSAS DIVISION

IN RE STONE ENERGY CORP.
SHAREHOLDER DERIVATIVE
LITIGATION

CIVIL ACTION NO. 05-CV-2166 (Lead)
05-CV-2167
06-CV-0171

**MEMORANDUM IN SUPPORT OF MOTION OF
NOMINAL DEFENDANT STONE ENERGY CORPORATION
TO JOIN IN THE MOTIONS OF THE OFFICER DEFENDANTS
TO STAY THE COMPLAINT OR, IN THE
ALTERNATIVE, DISMISS THE DERIVATIVE ACTION**

MAY IT PLEASE THE COURT:

Defendants David H. Welch, James H. Prince and Kenneth H. Beer (the “Officer Defendants”) have filed Motions to Stay the Complaint Or, In The Alternative, to Dismiss the Derivative Action (the “Motions”). Nominal Defendant Stone Energy Corporation (“Stone”) joins in those Motions.

In brief, the Motions seek the following relief:

1. Stay of the Complaint because the purported derivative claims in the instant action are grounded on the same allegations that underly *In re Stone Energy Corp. Sec. Litig.*, No. 05-CV-2088 (TLM) (W.D. La.) (the “Securities Action”), and seek indemnification from the parties in this matter for the potential liability stemming from the Securities Action and, therefore, adjudication of this matter would be premature until the issue of liability in the Securities Action is fully adjudicated; and
2. The purported derivative claim should be dismissed for lack of standing inasmuch as Plaintiffs have failed to make the necessary demand on the Stone Energy Board of Directors.

For these reasons, Stone Energy Corporation joins in the Motions filed by the Officer Defendants and joins in the request for relief set forth in those Motions.

Respectfully submitted,

By: s/ Jamie D. Rhymes

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CERTIFICATE OF SERVICE

I hereby certify that on December 26, 2006, a copy of the foregoing **Memorandum In Support Of Motion Of Nominal Defendant Stone Energy Corporation To Join In The Motions Of The Officer Defendants To Stay The Complaint Or, In The Alternative, Dismiss The Derivative Action** was filed electronically with the Clerk of Court using the CM/ECF system. Notice of this filing will be sent to all counsel of record registered to receive electronic service by operation of the court's electronic filing system. I also certify that I have mailed this filing by United States Postal Service to all counsel of record who are not registered to receive electronic service by operation of the court's electronic filing system.

Respectfully submitted,

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